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**DeNUCCI QUESTIONS DEDHAM PROVIDER'S
USE OF \$4.4 MILLION IN STATE FUNDS**

State Auditor Joe DeNucci reported today that a Dedham-based non-profit human services provider spent approximately \$4.4 million in state funds on unallowable, undocumented and questionable business activities.

DeNucci's audit of Toward Independent Living and Learning, Inc. (TILL) which receives most of its state funding from the Massachusetts Department of Mental Retardation (DMR) and the state's Medicaid program, found:

- More than \$3.2 million in undocumented payroll costs.
- Almost \$935,000 in unallowable and questionable transactions with related companies without adequately documenting the benefit to its state-funded programs.
- At least \$273,000 in questionable salary and vehicle payments for TILL's president, some of which may have been used for out-of-state activities.
- The use of \$25,000 for a down payment on property for another organization.
- Nearly \$51,000 for non-reimbursable or undocumented items billed to state contracts.

DeNucci's audit disclosed that TILL's president billed and received from the Commonwealth more than \$267,300 as a full-time employee of the agency during the same three-year period that she drew more than \$120,000 in full-time salary from a related company in New Hampshire, TILL-NH. There was inadequate documentation to substantiate all of the salary expenses received from Massachusetts. In addition, the president charged \$11,800 to Massachusetts contracts to lease a vehicle which she also used to commute to TILL-NH.

According to DeNucci's audit, TILL did not require its salaried employees to complete weekly records documenting the hours worked and the functions performed for cost allocation purposes. As a result, the Commonwealth has no assurance that the more than \$3.2 million that the provider billed the state in payroll and related costs were accurate charges.

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The salaries of TILL's payroll clerk and its principal bookkeeper were paid in full with state money, even though these individuals said that they spent part of their time working on non-state-funded program activities.

DeNucci's audit also said TILL violated state guidelines by failing to divulge at least five related-party relationships and transactions, and used almost \$927,000 in state funds to pay for non-program-related activities involving third party organizations that were owned by the president. One of these corporations, LEAD, Inc., received \$726,000 from TILL. While most of these funds were eventually reimbursed by the related parties, state regulations prohibit contracted service providers from using funds for unrelated activities.

"It is clear that TILL used state money to subsidize other companies owned by its president," said DeNucci. "This money should be used only for the purposes intended."

DeNucci's audit also revealed that TILL used \$25,000 of public money to make a down payment on property in Hyde Park that was being purchased by a related company owned by the president.

Finally, DeNucci's audit identified more than \$50,800 in unallowable and non-reimbursable charges billed to DMR for a program that it operated for developmentally disabled children in the Lowell elementary schools. Some of the items purchased included gardening supplies, plants, silk flowers, a cordless telephone and a sofa that was shipped to an address in Burlington. Other questionable costs were an apparent duplication of salary for a TILL secretary, travel expenses for a person who did not work in the program and more than \$24,000 that was paid to an unidentified individual for a handicapped accessible van.

DeNucci, who noted that TILL did not make all requested records available to his staff during the audit, urged the Department of Mental Retardation to review its contracts with TILL and recover any funds it deems appropriate. DeNucci also said DMR should determine whether it wants to allow this provider to continue providing services to related parties.

"Funds from state contracts should only be used for the benefit of Massachusetts clients," concluded DeNucci.

